

## Department of Planning and Budgets 2015 Fiscal Impact Statement

**1. Bill Number:** SB 1300

<b>House of Origin</b>	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
<b>Second House</b>	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

**2. Patron:** Newman

**3. Committee:** Rehabilitation and Social Services

**4. Title:** Training centers; prohibition of closure.

**5. Summary:** The bill provides that the Northern Virginia Training Center shall not be closed prior to December 31, 2016, and shall not be declared surplus on any land use plan developed by the Department of Behavioral Health and Developmental Services. The bill directs the Secretary of Health and Human Resources to identify by November 30, 2015, at least three training centers that shall not be subject to closure and requires such training centers to remain open and to continue to accept new admissions of individuals with intellectual disability for whom treatment in a training center is appropriate.

**6. Budget Amendment Necessary:** Yes. Items 305, 308, 309.

**7. Fiscal Impact Estimates:** See Item 8

**8. Fiscal Implications:** The language of the legislation does not dictate which three of the remaining four training centers will remain open following the conclusion of the prescribed study. Therefore, the fiscal impact of the legislation varies dependent on the combination of facilities that are kept open. However, it is possible to itemize the costs associated with keeping each of the four facilities open in order to inform this decision.

The four training centers that are currently operating are:

- Northern Virginia Training Center (NVTC - Census: 75)
- Southeast Virginia Training Center (SEVTC - Census: 75)
- Southwest Virginia Training Center (SWVTC - Census: 135)
- Central Virginia Training Center (CVTC - Census: 288)

The cost of continuing to operate Southeastern Virginia Training Center (SEVTC) is not included in these estimates, as it is scheduled to remain operational without this legislation. The additional operating costs to state facilities as a result of this legislation would be the combination of any two of the facilities above.

Continuing to operate any combination of SEVTC and SWVTC, NVTC, or CVTC would require additional funding to remain operational at current census levels beyond their proposed closure dates. Funds would be needed for the following:

- to offset assumed savings between now and the projected closure date;
- to continue operating the facility beyond the projected closure date; and,
- to address capital needs to keep buildings open for resident use.

### **Lost General Fund Savings**

<b>Fiscal Year</b>	<b>SWVTC</b>	<b>CVTC</b>	<b>NVTC</b>
2015	\$ 1,764,080	\$ 4,838,559	\$ 6,915,215
2016	\$ 3,126,309	\$ 7,275,520	\$ 14,990,704
2017	\$ 5,533,876	\$ 12,550,350	\$ 18,400,000
2018	\$ 8,725,470	\$ 18,526,409	\$ 18,400,000
2019	\$ 13,005,007	\$ 23,850,199	\$ 18,400,000
2020	\$ 13,005,007	\$ 47,410,662	\$ 18,400,000
<b>TOTAL</b>	<b>\$ 45,159,749</b>	<b>\$ 114,451,699</b>	<b>\$ 95,505,919</b>

### **Capital Needs**

Because these facilities are scheduled to close, only emergency maintenance projects are being undertaken. If the facilities are to remain open, there are buildings at SWVTC, NVTC, and CVTC that would require capital funding to keep them operating at a level of code compliance. All totals are based on evenly spreading, over the course of five years, the deferred maintenance amounts in the FICAS system for each facility.

<b>Fiscal Year</b>	<b>SWVTC</b>	<b>CVTC</b>	<b>NVTC</b>
2015			
2016	\$3,320,000	\$13,400,000	\$5,920,000
2017	\$3,320,000	\$13,400,000	\$5,920,000
2018	\$3,320,000	\$13,400,000	\$5,920,000
2019	\$3,320,000	\$13,400,000	\$5,920,000
2020	\$3,320,000	\$13,400,000	\$5,920,000
<b>TOTAL</b>	<b>\$16,600,000</b>	<b>\$67,000,000</b>	<b>\$29,600,000</b>

### **Possible Offsetting Savings**

There may be some savings by keeping SWVTC, NVTC, and CVTC open as facility transition waiver slots may not be filled as the number of residents discharged is reduced from projections due to the availability of state facility beds. Previous estimates for the cost of implementing the DOJ settlement agreement assume the costs of Medicaid waiver slots for individuals transitioning into community settings. Funds for transition waivers are included in the FY 2015-FY 2016 biennial budget. Failure to close any state facility scheduled for closure would likely reduce the number of individuals transitioning into the

community from that facility.

However, the state is still required by the agreement to create and fund the required number of slots in each fiscal year. If slots remain unfilled, there will be a reduction in the cost of the waiver program. Because the agreement dictates the creation of waiver slots, no offset is assumed for the purposes of this fiscal impact statement. Each transition slot is assumed to cost approximately \$104,000 per year (\$52,000 GF/\$52,000 NGF).

Current data indicates that about 78 percent of patients discharged from state training centers transfer onto a facility transition waiver. The annual cost (all funds) for each of these waivers is approximately \$104,000.

SWVTC - As many as 105 waivers (135 x 0.78) would not be filled over the course of the agreement and could thereby save \$10.92 million of which \$5.46 million would represent general fund savings. If realized, these savings would continue for each fiscal year that the facility remained open.

CVTC - As many as 225 waivers would not be filled (288 x .78) over the course of the agreement. Therefore, \$23.4 million could be saved, which equates to \$11.7 million in GF dollars. If realized, these savings would continue for each fiscal year that the facility remained open.

NVTC - As many as 59 waivers would not require funding (75 x .78) over the course of the agreement. Therefore, \$6,136,000 could be saved, which equates to \$3,068,000 in GF dollars. If realized, these savings would continue for each fiscal year that the facility remained open beyond its currently scheduled closer date.

### **Range of impact**

The following tables show the range of impact depending on the mix of facilities that stay open:

<b>SEVTC, SWVTC, and NVTC Stay Open</b>		
<b>Fiscal Year</b>	<b>GF</b>	<b>NGF</b>
2015	\$ 8,679,295	\$ 8,679,295
2016	\$ 27,357,013	\$ 18,117,013
2017	\$ 33,173,876	\$ 23,933,876
2018	\$ 36,365,470	\$ 27,125,470
2019	\$ 40,645,007	\$ 31,405,007
2020	\$ 40,645,007	\$ 31,405,007
<b>TOTAL</b>	<b>\$186,865,668</b>	<b>\$140,665,668</b>

<b>SEVTC, NVTC, and CVTC Stay Open</b>		
<b>Fiscal Year</b>	<b>GF</b>	<b>NGF</b>
2015	\$ 11,753,774	\$ 11,753,774
2016	\$ 41,586,224	\$ 22,266,224
2017	\$ 50,270,350	\$ 30,950,350
2018	\$ 56,246,409	\$ 36,926,409
2019	\$ 61,570,199	\$ 42,250,199
2020	\$ 85,130,662	\$ 65,810,662
<b>TOTAL</b>	<b>\$306,557,618</b>	<b>\$209,957,618</b>